

## BUSINESS MODELS

## IS THE MARKET RIPE FOR NEW ONLINE MODELS?

A plethora of new, yet familiar, online models are popping up. Check them out.

By Nancy C. Dell, editor

In August 2015, Steve Murray wrote about the explosion of new business models. In that article, he says, "Is the killer app for residential real estate now on our doorstep, and so just don't recognize it? After all, how can all the billions of dollars that have been spent by venture investors be justified? Are they all wrong? Why do so many think that there is a gold mine in brokerage that would warrant such intense interest by technology firms and their backers?"

At the time, Murray wrote, "Has anyone truly proposed a better service package in buying or selling a home than one can get from a competent agent with a dozen transaction management spooks behind them? Has anyone delivered a superior way for consumers to find a home than is already available through thousands of real estate websites? Has anyone delivered a service that

is incomparably better than what is available through the careful choice of a qualified agent? Can they do so and lower costs significantly enough to matter to consumers while doing so? No, we don't think so either—so go away!"

Here, we outline four companies and what they have to offer. Some are new, some are not, but the one thing they all are is similar: Will they disrupt the market? Will they disrupt the market? The jury is out, but they are all trying to try. After all, they all offer some

discount on commissions at a time when a survey by Realty Executives found that 60 percent of home sellers now save money on commission (see page 8 for the study). Here are some recently created or released models:

**Zippidy**

Zippidy is a home buying and selling platform that offers consumers and agents more simplicity, transparency, and a streamlined experience throughout the real estate transaction—from initial search or listing to closing. "We provide agents capabilities that help deliver a fresh modern experience that differentiates them in the rapidly evolving consumer-driven marketplace. About 90 percent of the platform capabilities are focused on delivering the next level of client experience. Agents save time on client support tasks and backend brokerage compliance is easy for them," says Gary Scheidt, founder and CEO.

Property inquiries and private showing requests on Zippidy go directly to subscribing listing agents and home owners. The way the Zippidy platform organizes its private Neighborhood Showings provides listing agents a convenient way to drive more showings at designated times every week, and helps a less pressure shopping experience.

When consumers are ready to engage professional representation, they can request a referral within the platform to an independent real estate agent. Zippidy contacts these consumers directly to find out about their current needs and pairs them with one of the local independent agents with whom Zippidy is partnered. "Agents who subscribe to our service annually are eligible for our Elite Agent Referral Program. We spend time with each agent to ensure they will deliver a superior level of service for our users."

Sellers can list their property on the platform and are committed to paying a percentage commission to a broker's agent. "As an operational backbone in every market, we provide a limited listing service to DRF sellers and have a licensed principal broker of record in states where we operate," says Scheidt.

The Zippidy live public beta is available currently in the Oregon/Southeast Washington market with plans to start a national service rollout in the fall of 2016.

**USRealty.com**

Colby Sanborn, president of new-entirely online brokerage USRealty.com, built a hybrid business model aimed at reducing transactions costs. Buyers' agents are guaranteed their inside-commission for homes listed in their MLS. Sellers may choose the commission, but negotiable commissions are not common. Sanborn, who co-founded ForSaleByOwner in 2008 and sold it to TruHouse Digital in 2010, says, "Our brokers are members in one of 110 multiple listing services. It's a DRF approach for sellers to list their homes for sale. Buyers' agents are guaranteed their commissions because USRealty.com is an agency that fulfills the promise of MLS for agents, home owners and home buyers." He says the company is "not currently listing brokers or agents, but if you want to help us sell things, we'll provide you with commission at or near a traditional buy-side commission."



USRealty.com offers consumers free access to the MLS and gives consumers listed through their network of in-house brokers. According to Sanborn, this allows the home seller to retain equity in their home. USRealty.com provides guidance, expertise and all the work necessary for an easy, quick close. USRealty.com can provide access to the inventory for Buyers looking to upgrade to larger homes, but also has options that would be more appealing to those looking for a lower price point.

The brokerage is operating in 35 states.

**Real**

"My partners and I looked at the market and realized that the agent/broker relationship hasn't changed for decades. Agents work for brokers and, in the past, it made sense because they owned the office, advertised and brought value to the agent," says Tami Polig, CEO and founder of Real, a technology-powered real estate brokerage.

"When the brokers came into the game and people didn't want to work in an office, we understood that the value brokers provide to agents is diminishing. Younger agents who are stepping into the market are looking for a different way to do business, a different way to communicate," he says. Polig says Real provides value to agents through technology, acknowledging that they are small business owners. "We offer a brokerage platform that allows them to build their businesses. They should be focused on creating relationships," he says. Real, created by real estate professionals and software engineers, charges no fees and offers an 85/15 commission split. "We're not focusing on the top producers or the team-producing agent. We're here to serve everyone," he says. Real provides agents with an app that handles everything from basic chat and access to leads to accessing MLS data and creating contracts. "We offer 24/7 support through the app, you can get paid through the app and you can even hold a website through it," he adds. So far, Real is licensed in 15 states and has 650 agents.

**Onem.com**

In the past, owners (we didn't have much interaction with sellers. It took offered a flat fee, MLS package for houses. "We expanded that so our agents can take a full-service listing," says Brent Stratton, head of Onem.com Brokerage Services. "We're looking at a traditional brokerage model and work with the buy side of the transaction, which we haven't been involved in since Onem was started in 1996," says Stratton. He says that Onem.com has "picked off the things agents aren't typically good at. We manage the back office, drive the marketing, offer an inside sales team that does the writing and then transfer the lead to the agent, so they don't have to spend so much time working the leads."

Onem doesn't charge sales associates a fee and they offer a 90/10 split. "We offer a 90/10 split if the agent closes a lead with his or her own sphere of influence. There are no drawbacks," he adds. "We generate volume. It's a members game. We see a great opportunity in a market where other companies weren't doing the job of offering a more consumer-centric experience," says Stratton.

Onem.com services are available to sellers nationwide. For buyers, brokerage services are currently available in Mass, Georgia, Fla., Ohio, Texas, Penn., Illinois and Calif. While Onem.com is actively listing agents, Onem.com will continue to expand throughout the country. Onem.com currently is active in 8 states. ■

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